

TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: October 1, 2013

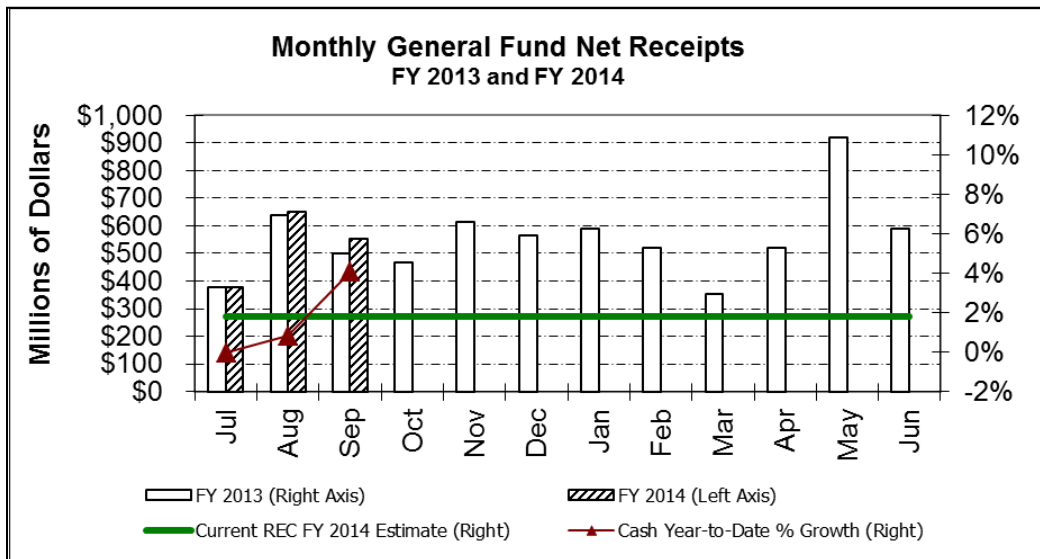
### Monthly General Fund Receipts through September 30, 2013

The attached spreadsheet presents FY 2014 General Fund total net receipts with comparable figures for actual FY 2013. The figures can be compared to the FY 2014 estimate of \$6.770 billion set by the Revenue Estimating Conference (REC) on March 22, 2013. The FY 2014 estimate is an increase of \$118.7 million (1.8%) compared to actual FY 2013 total net receipts (excludes transfers). The next REC meeting is scheduled for October 10.

FY 2013 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = + 5.2%						
Year-to- Date Ending:	Year-to- Date FY 2012	Year-to- Date FY 2013	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$305.9	\$378.2	\$72.3	23.6%	\$16.0	\$56.3
Aug	931.4	1,017.8	86.4	9.3%	48.6	37.8
Sept	1,394.2	1,517.2	123.0	8.8%	72.8	50.2
Oct	1,799.9	1,985.1	185.2	10.3%	94.0	91.2
Nov	2,366.8	2,597.7	230.9	9.8%	123.6	107.3
Dec	2,899.4	3,164.2	264.8	9.1%	151.4	113.4
Jan	3,440.7	3,754.4	313.7	9.1%	179.6	134.1
Feb	3,921.1	4,276.3	355.2	9.1%	204.7	150.5
Mar	4,294.9	4,628.3	333.4	7.8%	224.2	109.2
Apr	4,736.3	5,147.6	411.3	8.7%	247.3	164.0
May	5,530.8	6,065.5	534.7	9.7%	288.7	246.0
Jun	6,122.9	6,654.9	532.0	8.7%	319.6	212.4
Year end	6,202.4	6,651.8	449.4	7.2%	323.8	125.6
Adjustment for Transfers						3.5
Year end net receipts, including transfers						\$129.1

### Final FY 2013 Net Revenue

Net General Fund revenue for FY 2013, excluding transfers, totaled \$6.652 billion, an increase of \$449.4 million (7.2%) compared to FY 2012. The total FY 2013 net amount was \$125.6 million above the March 2013 REC projection. Adjusting for transfers that were \$3.5 million above projections, net General Fund revenue, including transfers, was \$129.1 million above the FY 2013 estimate.



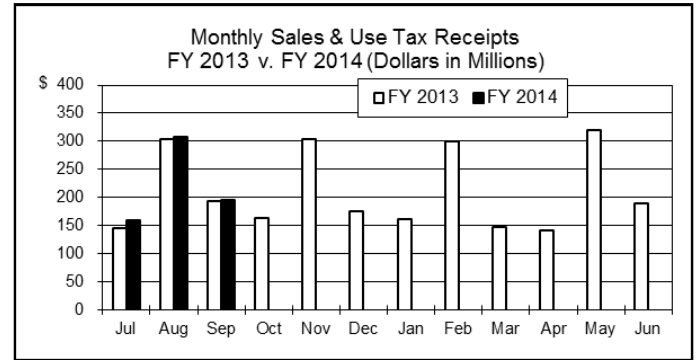
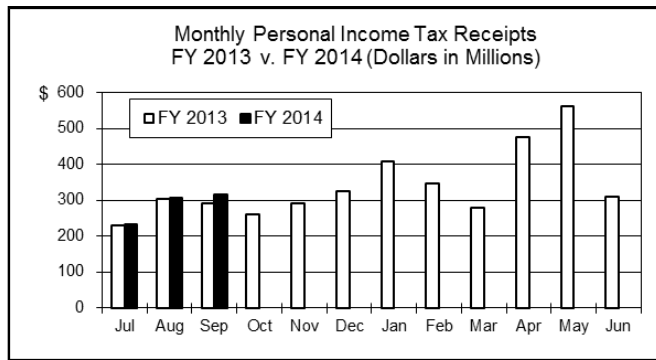
## Overview of Current Situation

September 2013 net General Fund revenue was \$53.7 million (10.8%) above the September 2012 revenue level. Year-to-date net tax receipts are \$61.9 million (4.1%) higher than FY 2013. Major sources of tax revenue and their contribution to the FY 2013 change include:

- Personal income tax (positive \$30.3 million, 3.7%)
- Sales/use tax (positive \$19.9 million, 3.1%)
- Corporate tax (positive \$21.3 million, 18.3%)
- Other taxes (positive \$7.1 million, 8.6%)
- Other receipts (negative \$4.0 million, - 6.3%)
- Tax refunds not including school infrastructure refunds (positive \$2.2 million)
- School infrastructure sales/use tax refunds (negative \$14.5 million)

**Personal Income Tax** revenue received in September totaled \$316.8 million, an increase of \$25.3 million (8.7%) compared to September 2012.

The FY 2014 REC income tax estimate of \$4.134 billion represents a projected increase of 4.5% compared to actual FY 2013. Through September, personal income tax receipts have increased \$30.3 million (3.7%). By subcategory, withholding payments increased \$16.1 million (2.3%), estimate payments increased \$17.3 million (19.2%), and payments with returns decreased \$3.1 million (-11.8%). The following chart compares FY 2014 monthly income tax receipts from the three personal income tax subcategories with FY 2013.



**Sales/Use Tax** receipts received in September totaled \$195.4 million, an increase of \$1.0 million (0.5%) compared to September 2012.

The REC estimate for FY 2014 sales/use tax receipts is \$2.676 billion, an increase of 3.6% compared to actual FY 2013. Year-to-date sales/use tax receipts total \$663.5 million, an increase of \$19.9 million (3.1%) compared to FY 2013. The preceding chart compares FY 2014 monthly sales/use tax receipts with FY 2013.

**Corporate Tax** receipts received in September totaled \$67.0 million, an increase of \$12.7 million (23.4%) compared to September 2012.

The REC estimate for FY 2014 corporate tax revenue is \$556.6 million, an increase of 0.2% compared to actual FY 2013. Through September, corporate tax receipts have increased \$21.3 million (18.3%).

**Other tax receipts** received in September totaled \$16.9 million, an increase of \$4.7 million (38.5%) compared to September 2012.

The REC estimate for FY 2014 other tax revenue is \$385.8 million, an increase of 3.8% compared to actual FY 2013. Through September, other tax receipts have increased 8.6%.

**Other receipts** (non-tax receipts) received in September totaled \$20.0 million, a decrease of \$1.4 million (-6.5%) compared to September 2012.

The REC estimate for FY 2014 other receipts revenue is \$344.2 million, an increase of 4.3% compared to actual FY 2013. Year-to-date other receipts have decreased 6.3% through September.

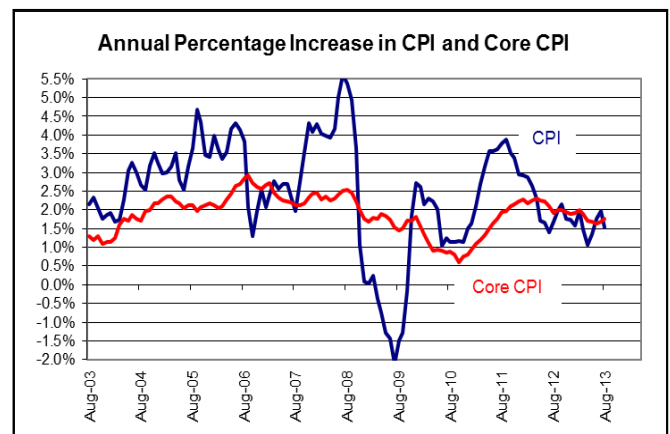
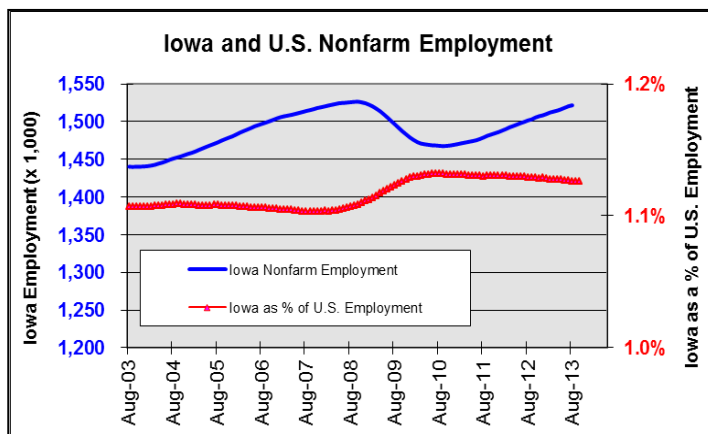
**Tax Refunds** issued in September totaled \$26.1 million, a decrease of \$10.2 million compared to September 2012. In addition, school infrastructure refunds totaled \$36.7 million in September, a decrease of \$1.4 million compared to September 2012.

## Status of the Economy

Iowa nonfarm employment was reported at 1,518,200 for the month of August (not seasonally adjusted), 15,100 higher (1.0%) than August 2012.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,521,700, resulting in an annual average Iowa nonfarm employment level 4,700 below the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through August 2013 was 233.9 (1983/84=100). Consumer prices increased 0.1% in August (not seasonally adjusted) and the annual rate of inflation decreased to 1.5% from the previous month's level of 2.0%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.2% in August and totaled 1.8% year-over-year. The annual rate of core inflation has been at or below 2.0% since July 2012. For the two components excluded from the core rate, energy prices are down 0.5% year-over-year while food prices are up 1.4%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2013 vs. FY 2014 July 1 through September 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 13 Actual Compared to FY 14 REC Estimate		
	FY 2013	FY 2014	Year to Date % Change	September % Change	Actual FY 2013	Estimate FY 2014	Projected % Change
Personal Income Tax	\$ 825.4	\$ 855.7	3.7%	8.7%	\$ 4,083.9	\$ 4,133.5	1.2%
Sales/Use Tax	643.6	663.5	3.1%	0.5%	2,547.6	2,676.1	5.0%
Corporate Income Tax	116.3	137.6	18.3%	23.4%	555.3	556.6	0.2%
Inheritance Tax	19.4	21.8	12.4%	49.0%	86.8	100.7	16.0%
Insurance Premium Tax	47.2	48.9	3.6%	0.0%	104.9	109.4	4.3%
Cigarette Tax	0.0	0.0	0.0%	0.0%	102.7	94.8	-7.7%
Tobacco Tax	2.5	1.4	-44.0%	0.0%	18.7	17.2	-8.0%
Beer Tax	4.6	4.2	-8.7%	-48.3%	14.5	14.7	1.4%
Franchise Tax	8.6	13.0	51.2%	83.3%	42.9	47.9	11.7%
Miscellaneous Tax	0.0	0.1	0.0%	0.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 1,667.7	\$ 1,746.0	4.7%	7.9%	\$ 7,558.4	\$ 7,752.0	2.6%
Institutional Payments	3.7	3.9	5.4%	-16.7%	14.3	14.5	1.4%
Liquor Profits	27.0	22.6	-16.3%	-7.8%	96.0	95.0	-1.0%
Interest	0.4	0.5	25.0%	100.0%	2.6	2.5	-3.8%
Fees	7.9	6.7	-15.2%	-53.1%	29.1	27.0	-7.2%
Judicial Revenue	15.9	15.6	-1.9%	19.0%	108.0	110.0	1.9%
Miscellaneous Receipts	8.4	10.0	19.0%	0.0%	39.9	29.2	-26.8%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	40.0	66.0	65.0%
TOTAL GROSS RECEIPTS	\$ 1,731.0	\$ 1,805.2	4.3%	7.3%	\$ 7,888.3	\$ 8,096.2	2.6%
Accrued Revenue-Net**					13.0	11.1	
Tax Refunds *	-87.6	-85.4	-2.5%	-28.1%	-830.5	-898.0	8.1%
School Infrast. Refunds *	-126.2	-140.7	11.5%	-3.7%	-419.2	-439.0	4.7%
TOTAL NET RECEIPTS	\$ 1,517.2	\$ 1,579.1	4.1%	10.8%	\$ 6,651.6	\$ 6,770.3	1.8%
<p>* For FY 2013 and FY 2014 Year-to-Date columns, refunds are presented on a cash basis. For FY 2013 Actual and FY 2014 Estimate, refunds are presented on a fiscal year basis.</p> <p>** The FY 2013 "Accrued Revenue-Net" is final.</p>							